

WHEN RECORDED, RETURN TO:  
Alliance Development, Inc.  
1901 East Vintage Court  
Salt Lake City, Utah 84117  
Attention: Sid Haycock

7814634  
02/06/2001 11:18 AM 96.00  
Book - 8421 Pg - 8988-9029  
BRADLEY A SNOW  
CHIEF DEPUTY RECORDER, SL CO, UT  
ALLIANCE DEVELOPMENT INC  
1901 E VINTAGE WOODS CT  
SLC UT 84117  
BY: KCC, DEPUTY - WI 42 P.

**DECLARATION  
OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
RIVERSIDE COURT TOWNHOMES  
(A PLANNED RESIDENTIAL UNIT DEVELOPMENT SUBDIVISION)**

This Declaration of Covenants, Conditions and Restrictions ("Declaration") is made and executed this 5<sup>th</sup> day of January, 2001, by ALLIANCE DEVELOPMENT INC., a Utah corporation ("Declarant").

**RECITALS:**

A. Description of Land. The planned residential unit development subdivision ("Project") that is the subject of this Declaration is situated in and upon that certain real property ("Subject Land") located in Salt Lake County, State of Utah, as specifically described in Exhibit A attached hereto and incorporated herein by this reference. Declarant has prepared and has recorded in the office of the County Recorder for Salt Lake County, State of Utah, a plat for Riverside Court Townhomes, a planned residential unit development subdivision ("Plat"), which Plat has been or will be recorded in the official records of the Salt Lake County Recorder's Office. There are four (4) Lots in the Project, as shown on the Plat.

B. Association and Bylaws. The Riverside Court Townhomes Owners Association, Inc. ("Association"), has been or will be created by filing Articles of Incorporation with the Utah Division of Corporations and Commercial Code. The Association shall henceforth be the governing body of the Project subject hereto and shall operate in accordance with the "Bylaws of Riverside Court Townhomes" ("Bylaws"), attached hereto as Exhibit B and made a part hereof.

C. Intent and Purpose. Declarant intends by recording this Declaration and the Plat to: create a planned residential unit development with common areas including permanent open spaces, streets, parking; landscaping, fencing and other related areas and facilities for the common use and enjoyment of the Owners of the Lots; submit the Subject Land and all improvements situated upon the Subject Land to the applicable ordinances and statutes of Salt Lake City, Utah related to planned residential unit developments; and to impose upon said property mutually beneficial restrictions under a general plan of improvement for the benefit of all Lots within said Project and the Owners thereof.

7814634

BK8421PG8988

ARTICLE I  
DEFINITIONS

1.1 Defined Terms. Unless the context clearly indicates otherwise, certain terms as used in this Declaration shall have the meanings set forth in this Article I.

1.2 “Association” shall mean Riverside Court Townhomes Owners Association, Inc., a Utah nonprofit corporation, organized to be the governing body of the Project.

1.3 “Board of Trustees” or “Board” shall mean the Board of Trustees of the Association.

1.4 “Common Areas” or “Common Areas and Facilities” shall mean all of the Subject Land except all Lots, including without limiting the generality of the foregoing, all streets, parking areas, open spaces, and other undesignated areas shown on the Plat as Common Areas, together with all equipment, facilities, fixtures, and other personal property and real property improvements located thereon and/or owned by the Association for the use and benefit of all Owners, including without limiting the generality of the foregoing, all streets, curb and gutter improvements, playgrounds, trees, bushes and other landscaping, and all equipment, fixtures, facilities, and other personal property and real property improvements hereafter purchased in accordance with this Declaration with monies from the Common Expense Fund. The Common Areas shall be owned by the Association, and all Common Areas shall be managed and controlled by the Association for the common use and enjoyment of the Owners as more fully described in this Declaration.

1.5 “Common Expense Fund” shall mean the fund created or to be created pursuant to the provisions of Article IX of this Declaration and into which all funds of the Association shall be deposited.

1.6 “Declarant” shall mean Alliance Development Inc., a Utah corporation, its successors and assigns.

1.7 “Lot” shall mean each individual parcel of real property shown on the Plat as a Lot, together with all improvements located thereon and all appurtenances thereunto appertaining.

1.8 “Manager” shall mean the person, firm, or company, if any, designated from time to time by the Association to manage, in whole or in part, the affairs of the Association and the Project.

1.9 “Member” shall mean a member of the Association.

1.10 “Mortgage” shall mean any mortgage, deed of trust, or other security instrument by which a Lot or any part thereof is encumbered.

1.11 “Mortgagee” shall mean (i) any person named as the mortgagee or beneficiary under any Mortgage, or (ii) any successor to the interest of such person under such Mortgage.

1.12 "Owner" shall mean any person or entity or combination thereof, including the Declarant, at any time owning a Lot within the Project, as shown on the records of Salt Lake County, State of Utah. The term "Owner" shall not refer to any Mortgagee (unless such Mortgagee has acquired title for other than security purposes) or to any person or entity purchasing a Lot under contract until such contract is fully performed and legal title conveyed.

1.13 "Plat" shall mean the Plat for Riverside Court Townhomes, a residential planned unit development, as recorded in the office of the County Recorder for Salt Lake County, State of Utah, on FEBRUARY 6, 2001 as Entry No. 7814633, in Book 2001 P, at Page 24.

1.14 "Project" shall mean all Lots and all Common Areas, collectively.

1.15 "Subject Land" shall mean the land upon which the Project is situated, as more particularly described in Paragraph A of the Recitals above.

1.16 "Total Votes of the Association" shall mean the total number of votes appertaining to the Lots in the Project, as shown on Exhibit C attached hereto.

## ARTICLE II DIVISION OF PROJECT

2.1 Submission to Declaration. All of the Subject Land is and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, and improved as a planned residential unit development subdivision to be known as Riverside Court Townhomes. All of said Subject Land is and shall be subject to the covenants, conditions, restrictions, easements, uses, limitations, and obligations set forth herein and in the Plat, each and all of which are declared and agreed to be for the benefit of the Project and in furtherance of a plan for improvement of said property and division thereof into Lots. Further, each and all of the provisions hereof shall be deemed to run with the land and shall be a burden and a benefit to the Declarant, its successors and assigns, and any person acquiring, leasing, or owning an interest in any Lot, their lessees, heirs, executors, administrators, devisees, successors and assigns.

2.2 Subdivision into Lots. Pursuant to the Plat, the Subject Land is divided into Lots as more particularly described on the Plat. The Owner of each Lot, regardless of the size, purchase price or location of the Lot, shall have the right to use, the Common Areas. The Declarant, with the recordation of this Declaration, hereby quitclaims all of its right, title and interest in and to all of the Common Areas, as more particularly shown on the Plat, without warranty, to the Association, to be held and administered in accordance with the provisions of this Declaration.

2.3 Easements. The Declarant, its successors and assigns, shall have a transferable easement over and on the Common Areas, including roads providing ingress and egress to the Project, for the purpose of doing all things reasonably necessary and proper for the construction, completion, development and sale of the Project.

ARTICLE III  
IMPROVEMENTS

3.1 Description of Improvements. The Project consists of four (4) Lots as shown on the Plat. Each of the Lots shall, when improved, contain one attached single family dwelling in a building containing four single family dwellings, which building shall be principally constructed of wood frame, aluminum siding, sheetrock interiors and asphalt shingle roofs, and such other materials as allowed by current building codes. As depicted on the Plat, the Project contains four attached single family dwellings.

3.2 Description and Legal Status of Lots. The Plat shows the number of each Lot. All Lots shall be capable of being independently owned, encumbered, and conveyed.

3.3 Contents of Exhibit "C". Exhibit C to this Declaration furnishes the following information with respect to each Lot: (a) the Lot number, and (b) the number of votes appertaining to each Lot by the Owner as a Member of the Association.

ARTICLE IV  
NATURE AND INCIDENTS OF OWNERSHIP

4.1 Ownership and Maintenance of Lots. Each Owner shall have the exclusive right to construct, improve, reconstruct and repair the house and other improvements located on his Lot. All construction, improvements, reconstruction and repair must comply with applicable land use planning, regulations and common architectural design approval including, but not limited to, a minimum of R-19 wall insulation and R-38 ceiling insulation, and a one car garage with a slab for each attached single family dwelling. Each Lot, and the improvements located thereon, being the sole and exclusive property of the Owner thereof, shall be maintained and repaired by the Owner and shall be kept in a clean and sanitary condition and in a state of good repair.

4.2 Title. Title to a Lot within the Project may be held or owned by any person or entity or any combination thereof and in any manner in which title to any other real property may be held or owned in the State of Utah, including without limitation, joint tenancy or tenancy in common.

4.3 Prohibition Against Subdivision of Lot. No Owner, by deed, plat or otherwise, shall subdivide or in any manner cause his Lot to be subdivided, partitioned or separated into physical tracts or parcels smaller than the whole Lot as shown on the Plat.

4.4 Ownership and Use of Common Areas. The Association shall own all Common Areas for the common use and enjoyment of the Owners, and the Association shall have the exclusive right and obligation to manage and maintain all Common Areas, and to repair, replace and reconstruct any existing or new Common Areas. The Owners, pursuant to action taken in accordance with this Declaration and the Articles and Bylaws, may determine from time to time, subject to any required governmental approval, what improvements will be constructed or located on the Common Areas. Each Owner shall have an irrevocable license and easement to use, occupy and enjoy all Common Areas in common with all other Owners. Except as otherwise provided in this Declaration, each Owner shall be entitled to the nonexclusive use of

the Common Areas in any manner that does not hinder or encroach upon the rights of other Owners and is not contrary to any rules or regulations promulgated by the Association. Each Owner will be responsible for an equal share of the taxes, insurance, maintenance and other costs and expenses relating to the Common Areas.

4.5 Exclusive Use of Common Areas. Any porches, patios, driveways and other areas immediately contiguous to a Lot are reserved for the exclusive use of the Owner of that Lot, and such Owner's invitees and guests.

4.6 Maintenance of Landscaping and Sidewalks. All areas located outside the Lots shall be maintained, cleaned, repaired and reconstructed by the Association ("Maintained Areas"), and shall be re-landscaped, rebuilt, replaced, repaired or materially altered only with the review, approval and consent of the Board of Trustees of the Association, and in accordance with the provisions of this Declaration. Without limiting the generality of the foregoing, the Association shall (a) maintain, clean, repair and keep in a sanitary condition and in a state of good repair all Maintained Areas; (b) remove all snow from all streets, sidewalks and driveways located in the front of houses located on the Lots; and (c) re-landscape, re-construct and repair all Maintained Areas at such time as the same are in a state of disrepair and require replacement. Notwithstanding the foregoing to the contrary, (i) the Association shall not be obligated to remove snow from any driveways, patios or porches located in the rear of or on the sides of houses located on the Lots, (ii) an Owner may plant and maintain flowers, ground covers and other plants within the planting areas of the Maintained Areas, provided, however, that the Association may prohibit, remove or alter any such individual gardening if the Board deems such to be inconsistent or out of harmony with the general landscaping of the Project, and (iii) the Association shall not be obligated to maintain any fences or walls located between two Lots, as more fully described in Section 4.7 below.

4.7 Fences and Walls. The Maintained Areas defined in Section 4.6 above shall include, if applicable, all fences and walls located in the Project that (a) separate the Project from contiguous property not a part of the Project ("Perimeter Fences") or (b) that were installed by Declarant upon initial construction of the Project. The Association shall have the exclusive right to construct, locate, maintain, repair, and reconstruct any Perimeter Fences. Any Perimeter Fences shall not be removed except with the approval of Owners owning a majority of the Lots in the Project, at a meeting of the Owners duly held in accordance with the provisions of this Declaration, the Articles and Bylaws. No additional fences or walls, including any rear or side fences, shall be constructed between any Lots without the approval of the Board of Trustees. Any fences or walls permitted by the provisions of this section, shall be constructed of materials and shall be of such colors, styles and characteristics, as shall be approved by the Board of Trustees from time to time, with the intent being that the Board of Trustees will control the construction, maintenance and reconstruction of any fences or walls allowed by the provisions hereof to assure that they are constructed of similar materials and that they are harmonious with the overall architecture and aesthetics of the Project.

4.8 Inseparability. Title to any part of a Lot within the Project may not be separated from any other part thereof. Every devise, encumbrance, conveyance, or other disposition of a Lot, or any part thereof, shall be construed to be a devise, encumbrance, conveyance, or other disposition, respectively, of the entire Lot, together with all appurtenant rights created by law or

by this Declaration, including appurtenant membership in the Association as hereinafter set forth, and an irrevocable license to use, occupy and enjoy the Common Areas in common with all Owners.

4.9 No Partition. The Common Areas shall be owned by the Association, in accordance with the provisions of this Declaration, and no Owner nor the Association may bring any action for partition thereof except as allowed by law.

4.10 Separate Mortgages by Owners. Each Owner shall have the right separately to mortgage or otherwise encumber his Lot. No Owner nor the Association shall attempt to or shall have the right to separately mortgage or otherwise encumber the Common Areas and Common Facilities or any part thereof. Any mortgage or other encumbrance of any Lot shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure the provisions of this Declaration shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure, or otherwise.

4.11 Separate Taxation. Each Lot and all improvements located thereon shall be assessed separately for all taxes, assessments, and other charges of the State of Utah or of any political subdivision thereof or of any special improvement district or of any other taxing or assessing authority. The Common Areas shall be deemed to be a parcel and shall be assessed separately for all taxes, assessments, and other charges of the State of Utah or of any political subdivision thereof or of any special improvement district or of any other taxing or assessing authority. All such taxes, assessments, and other charges on each respective Lot shall be separately levied against the Owner thereof. All such taxes, assessments, and other charges on the Common Areas shall be separately levied against the Association. No forfeiture or sale of any Lot for delinquent taxes, assessments, or other governmental charges shall divest or in any way affect the title to any other Lot.

4.12 Mechanics' Liens. No labor performed or material furnished for use in connection with any Lot with the consent or at the request of an Owner or his agent or contractor shall create any right to file a statement, claim, or notice of mechanic's lien against the Lot of any other Owner not expressly consenting to or requesting the same.

4.13 Description of Lot. Any deed, lease, mortgage, deed of trust, or other instrument conveying or encumbering a Lot shall describe the interest or estate involved substantially as follows:

All of LOT NO. \_\_\_\_\_ contained within Riverside Court Townhomes, as the same is identified in the subdivision plat recorded in the Office of the Recorder of Salt Lake County, Utah as Entry No. \_\_\_\_\_, in Book \_\_\_\_\_, at Page \_\_\_\_\_ (as said subdivision plat may have heretofore been amended or supplemented) and in the Declaration of Covenants, Conditions and Restrictions for Riverside Court Townhomes, recorded in the Office of the Recorder of Salt Lake County, Utah as Entry No. \_\_\_\_\_, in Book \_\_\_\_\_, at Page \_\_\_\_\_, (as said Declaration may have heretofore been amended or supplemented).

Regardless of whether or not the description employed in any such instrument is in the above specified form, all provisions of this Declaration shall be binding upon and shall inure to the benefit of any party who acquires any interest in a Lot. Neither the membership in the Association, nor the right of non-exclusive use of Common Areas shall be separated from the Lot to which it appertains; and, even though not specifically mentioned in the instrument of transfer, such mandatory membership in the Association and such right of non-exclusive use of Common Areas shall automatically accompany the transfer of the Lot to which they relate.

4.14 Non-Exclusive Easements. All streets constituting Common Areas that provide access to public roads outside of the Project shall be easements for the non-exclusive use of Declarant, the Owners, their guests, occupants, lessees, and invitees.

4.15 Mortgages and Liens on Common Areas. The Association shall not attempt nor shall it have the right to mortgage or otherwise encumber the Common Areas or any part thereof. No labor performed or material furnished for use in connection with the Common Areas shall create any right to file a statement, claim, or notice of mechanic's lien against the Common Areas.

## ARTICLE V EASEMENTS

5.1 Easements for Maintenance. The Association shall have the irrevocable right to have access from time to time to all Common Areas and to all Maintained Areas during such reasonable hours as may be necessary for the maintenance, cleaning, repair, and replacement thereof or for making emergency repairs at any time herein necessary to prevent damage to the Common Areas.

5.2 Right to Ingress and Egress. Each Owner shall have the right to ingress and egress over, upon, and across the Common Areas as necessary for access to such Owner's Lot, and such rights shall be appurtenant to and pass with the title to each Lot.

5.3 Easement for Completion of Project. Declarant shall have a transferable easement over and on the Common Areas for the purpose of completing construction of the Project and improvements therein and for the purpose of doing all things reasonably necessary or appropriate in connection therewith.

5.4 Easements Deemed Created. All conveyances of Lots within the Project hereafter made, whether by Declarant or otherwise, shall be construed to grant and reserve such reciprocal easements as are provided herein, even though no specific reference to such easements appears in any such conveyance.

5.5 Easements Reserved by Declarant and Association. The Association shall have power to grant and convey to any third party and Declarant hereby reserves unto itself easements and rights of way, including but not limited to rights of ingress and egress, in, on, over and under the Common Areas, for the purpose of constructing, erecting, operating and maintaining lines, cables, wires, conduits or other devices for electricity, cable television, power, telephone and other purposes, public sewers, storm drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities

to provide common utility services to the Project and other property that may be added to the Project.

5.6 Party Walls. Certain of the buildings constructed on Lots have common or party walls with adjacent buildings and Lots. The boundary between two adjacent buildings and Lots shall be the vertical boundary running through the center of the party wall, equidistant from the plane joining and along the outermost surfaces of studs and structural beams making up the party wall. Each Owner of a Lot that has a building adjoining another building on a separate Lot is hereby granted an easement of support and shelter over the portion of any party or retaining wall on the adjoining Lot. Each Owner covenants with the other to maintain the party wall in a structurally sound and weather tight state, and to continue to provide the support and shelter that presently exists and as may be necessary to maintain the integrity of each building. Each Owner has an easement for access for repair and maintenance over and through the adjoining Lot, and an easement for pipes, ducts, utility ways and chases, access stairs, and fences passing through the other Lot. Physical structures including party walls serving two buildings on separate Lots will be shared through a mutual nonexclusive easement of enjoyment for all purposes for which the improvements and their replacements were intended.

## ARTICLE VI RESTRICTIONS ON USE

6.1 Residential Uses Only. Each Lot contained in the Project is intended to be used for single family residential housing and is restricted to such use. No Lot shall be used for business activity (except as allowed by applicable laws, rules, regulations and ordinances); provided, however, that nothing herein shall be deemed to prevent (a) Declarant or its duly authorized agent from using any Lots owned by Declarant or any part of the Common Areas as sales models or property management offices, or (b) any Owner or his duly authorized agent from freely renting or leasing his Lot from time to time subject to the provisions of Section 6.11.

6.2 No Noxious or Offensive Activity. No noxious or offensive activity shall be carried on, in, or upon any part of the Project, nor shall anything be done or placed in or upon any part of the Project which is or may become a nuisance or may cause embarrassment, disturbance, or annoyance to Owners. No activities shall be conducted, nor improvements constructed, in or upon any part of the Project which are or may become unsafe or hazardous to any person or property.

6.3 Restriction on Recreational Vehicles. No boats, trailers, recreational vehicles, trucks, commercial vehicles, or inoperable vehicles belonging to Owners or other residents of the Project shall be parked or stored in or upon any of the Common Areas, except in such portions of the Common Areas, if any, as the Association may specify, and subject to such rules and regulations as the Association may from time to time promulgate.

6.4 Restriction on Signs. Except as may be temporarily necessary to caution or warn of danger, and except for temporary signs, reasonable in size, design and location, for the sale of a Lot by Declarant or other Owner thereof, no signs or advertising devices of any nature, including without limitation commercial, political, informational, or directional signs or devices, shall be erected or maintained on any portion of the Project without the prior inspection and



written approval of the Association. If the Association consents to the erection of any such signs or devices, the same shall be promptly removed at the request of the Association. None of the foregoing shall be construed as to limit in any way Declarant's right and easement to locate and relocate its sales offices and all similar signs, banners or similar sales devices upon the Common Areas as permitted under Section 6.1 and Article XIV hereof.

6.5 No Structural Alterations. No Owner shall, without the prior written consent of the Association, make or permit to be made any structural alteration, improvement, or addition, including without limitation any fences, walls or patios, to the exterior of the house located on his Lot, or to the Maintained Areas on his Lot, without the prior written consent of the Board, which consent may be granted or withheld in the Board's sole discretion. Notwithstanding the foregoing, the Board will reasonably grant permission for installation by an Owner of a satellite dish that is reasonably located and which does not exceed two feet in diameter. No Owner shall, without the prior written consent of the Association, do any act that would impair the safety of property or impair any easement appurtenant to the Project.

6.6 No Obstructions. There shall be no obstruction of the Common Areas by any Owner. Except with the prior written consent of the Association, Owners shall neither store nor leave any of their property in the Common Areas. Specifically, without limiting the generality of the foregoing, no vehicles of any kind may be parked at any time on any of the Common Areas, which include without limitation all of the streets within the Project.

6.7 Prohibition of Damage and Certain Activities. Except with the prior written consent of the Association, nothing shall be done or kept in or on any Lot, in the Common Areas, or in any other part of the Project which may result in cancellation of any insurance on the Project or any part thereof, nor shall anything be done or kept in or on any Lot which may increase the rate of insurance on the Project or any part hereof over that which the Association, but for such activity, would have to pay. Nothing shall be done or kept in or on any Lot or in the Common Areas or any part thereof which would be in violation of any statute, rule, ordinance, regulation, permit, or other validly imposed requirement of any governmental authority. No damage to, or waste of, the Common Areas or any part thereof shall be committed by any Owner or guest or invitee of any Owner, and each Owner shall indemnify and hold the Association and other Owners harmless against all loss resulting from any such damage or waste caused by such Owner, his guests, lessees, licensees, or invitees.

6.8 Rules and Regulations. The Owners shall comply with all of the rules and regulations governing use of the Common Areas, as such rules and regulations may from time to time be adopted, amended, or revised by the Board of Trustees.

6.9 Construction Period Exemption. During the course of actual construction of any structures or improvements which are permitted to be located on the Project, the provisions, covenants, conditions, and restrictions contained in this Declaration shall be deemed waived to the extent necessary or convenient to permit such construction; provided, however, that during the course of such construction, nothing shall be done which would result in a violation of any of said provisions, covenants, conditions, or restrictions following completion of such construction.

6.10 Pets and Animals. No animals or birds of any kind shall be raised, bred or kept in or on any Lot or in the Common Areas, except that small or medium sized domestic dogs and cats, and common household birds, may be kept in or on Lots, subject to rules and regulations adopted by the Association and provided that they are not kept, bred, or maintained for any commercial purpose and provided further that any such pet causing or creating a nuisance or disturbance shall be permanently removed from the Project upon ten (10) days written notice from the Association. No large dogs, such as Great Danes or St. Bernards, that exceed 18 inches in height measured at the back hips may be kept in or on a Lot. Any pet allowed by the preceding portions of this Section 6.10 may be present on the Common Areas only if on a leash held by a person.

6.11 No Short-Term Rentals or Leases. Owners may freely rent or lease their Lots provided that such rental or lease shall comply with applicable laws, rules, ordinances and regulations and such rental or lease period shall not be less than six (6) months in duration.

6.12 Parking Areas. Owners shall have the right to park automobiles in the driveway areas immediately in front of their Lot, but not elsewhere within the Project. The Association may post "no parking" signage as necessary to enforce parking restrictions.

## ARTICLE VII THE ASSOCIATION

7.1 Membership. Each Owner shall be entitled and required to be a Member of the Association. Membership shall begin immediately and automatically upon becoming an Owner and shall terminate immediately and automatically upon ceasing to be an Owner. If title to a Lot is held by more than one person, the membership appurtenant to that Lot shall be shared by all such persons in the same proportionate interests and by the same type of tenancy in which title to the Lot is held. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot. An Owner shall be entitled to one membership for each Lot owned by said Owner. Each membership shall be appurtenant to the Lot to which it relates and shall be transferred automatically by conveyance of that Lot. Ownership of a Lot within the Project cannot be separated from membership in the Association appurtenant thereto, and any devise, encumbrance, conveyance, or other disposition of a Lot shall be construed to be a devise, encumbrance, conveyance or other disposition, respectively, of the Owner's membership in the Association, and the rights appurtenant thereto. No person or entity other than an Owner may be a member of the Association, and membership in the Association may not be transferred except in connection with the transfer of a Lot.

7.2 Board of Trustees. The Board of Trustees shall initially consist of three (3) members which can be increased up to as many as five (5) members upon the majority vote of the existing Board of Trustees or the majority vote of the Owners at a duly called meeting of the Owners. Declarant reserves the right to appoint all of the Board of Trustees until the first of the following occurs:

- (a) Seven (7) years from the date of recordation of this Declaration.

(b) The date on which all of the Lots in the Project have been conveyed to Owners other than Declarant.

7.3 Amplification. The provisions of this Article VII may be amplified by the Articles of Incorporation and Bylaws of the Association; provided, however, that no such amplification shall substantially alter or amend any of the rights or obligations of the Owners set forth in this Declaration.

ARTICLE VIII  
CERTAIN RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

8.1 The Common Areas. The Association shall be responsible, as described in Section 4.4, and subject to the rights and duties of the Owners as set forth in this Declaration, for the exclusive management and control of the Common Areas and all improvements thereon. In particular, the Association shall be responsible for the maintenance of the private roads and associated improvements located in the Project. Except as otherwise provided for in this Declaration, the Association shall also be responsible for maintenance, repair, and replacement of all improvements or other materials located upon or used in connection with the Common Areas. The specification of duties of the Association with respect to particular Common Areas shall not be construed to limit its duties with respect to other Common Areas, as set forth in the first sentence of this Section. All goods and services procured by the Association in performing its responsibilities under this Section shall be paid for with funds from the Common Expense Fund.

8.2 Manager. The Association may by written contract delegate in whole or in part to a professional Manager such of the Association's duties, responsibilities, functions, and powers hereunder as are properly delegable. The services of any Manager retained by the Association shall be paid for with funds from the Common Expense Fund.

8.3 Miscellaneous Goods and Services. The Association may obtain and pay for the services of such personnel as the Association shall determine to be necessary or desirable for the proper operation of the Project, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Association may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Project, the enforcement of this Declaration, or any other matter. In addition to the foregoing, the Association may acquire and pay for out of the Common Expense Fund water, sewer, garbage collection, electrical, gas, and other necessary or desirable utility services for the Common Areas and insurance, bonds, and other goods and services common to the Lots.

8.4 Real and Personal Property. The Association may acquire, hold and own real, personal, and mixed property of all types for the use or benefit of all of the Owners and may dispose of such property by sale or otherwise. All of the Common Areas shall be deeded by Declarant to the Association. The maintenance, repair and replacement of all such property shall be paid for out of the Common Expense Fund and all proceeds from the disposition thereof shall become part of such Fund.

8.5 Rules and Regulations. The Association, by action of its Board of Trustees, may make reasonable rules and regulations governing the use of the Lots and of the Common Areas, which rules and regulations shall be consistent with the rights and duties established in this Declaration. The Association may take judicial action against any Owner to enforce compliance with such rules and regulations or other obligations of Owners arising hereunder, or to obtain damages for noncompliance therewith, as permitted by law. In the event of such judicial action, the Association shall be entitled to recover its costs, including reasonable attorney's fees, from the offending Owner.

8.6 Granting of Easements. The Association may, without the vote or consent of the Owners or of any other person, grant or create, on such terms as it deems advisable, utility, ingress, egress, construction and similar easements over, under, across, and through the Common Areas.

8.7 Implied Rights. The Association may exercise any right or privilege given to it expressly by this Declaration or by law, and every other right or privilege reasonably implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

8.8 Reserves. The Association shall maintain an adequate reserve fund for maintenance, repairs and replacement of those Common Areas that must be replaced on a periodic basis, and such reserves shall be funded from the monthly assessments described in Article IX below.

## ARTICLE IX ASSESSMENTS

9.1 Agreement to Pay Assessments. Declarant, for and as the owner of the Project and every part thereof on the date hereof, hereby covenants, and each Owner of a Lot by the acceptance of instruments of conveyance and transfer therefor, whether or not it be so expressed in said instruments, shall be deemed to covenant and agree with each other and with the Association, to pay to the Association all assessments, both regular and special, made by the Association for the purposes provided in this Declaration. Such assessments shall be fixed, established and collected from time to time as provided in this Article IX.

9.2 Regular Assessments. Regular assessments shall be computed and assessed against all Lots in the Project as follows:

(a) Common Expenses.

(i) Annual Budget. On or before the 1st day of December of each year, the Association shall prepare, or cause to be prepared, an operating budget setting forth an itemized statement of the anticipated receipts and disbursements for the coming calendar year and taking into account the general condition of the Project. Each such budget, together with a written statement from the Association outlining a plan of operation for the year in question and justifying in every important particular the estimates made, shall be submitted to the Members on or before the 15th day of December of each year. Such budget, with any changes therein, shall be adopted by the Members at each annual meeting of the Members. Said operating budget shall

serve as the basis for the schedule of proposed monthly assessments for the annual period for which it is prepared. Said budget shall also constitute a major guideline under which the Association shall operate during such annual period.

(ii) Basis of Annual Budget. The annual budget shall be based upon the Association's estimates of the cash required to provide for payment of expenses ("Common Expenses") arising out of or connected with maintenance and operation of the Common Areas and the Maintained Areas. Such actual expenses and estimated expenses may include, among other things, the following: expenses of management; governmental taxes and special assessments; premiums for all insurance that the Association is required or permitted to maintain; repairs and maintenance; wages for Association employees, including fees for a Manager, if any; utility charges; legal and accounting fees; any deficit remaining from a previous period; creation of a reasonable contingency reserve; sinking or reserve funds required or allowed herein; and any other expenses and liabilities which may be incurred by the Association for the benefit of all of the Owners or by reason of this Declaration.

(iii) Annual Assessments. The Association shall establish a regular, equal monthly assessment to be paid by each Owner ("Common Expense Fund"). The dates and manner of payment shall be determined by the Association. The foregoing method of assessing the Common Expenses to the Owners may be altered by the Association so long as the method it adopts is consistent with good accounting practice and requires that the portion of Common Expenses borne by each Lot be equal. Each monthly installment of the regular assessment shall bear interest at the rate of one and one-half percent (1½%) per month from the date it becomes due and payable until paid. Failure of the Association to give timely notice of any assessment as provided herein shall not affect the liability of the Owner of any Lot for such assessment.

(b) Inadequate Funds. In the event that the Common Expense Fund proves inadequate at any time for whatever reason, including nonpayment of any Owner's assessment, the Association may levy additional assessments in accordance with the procedure set forth in Section 9.3 below, except that the vote therein specified shall not be necessary.

(c) Declarant's Obligations. Notwithstanding the preceding provisions of this Section 9.2 to the contrary, until four (4) Lots have been conveyed by Declarant to purchasers thereof, each Owner shall pay a monthly assessment of \$50.00 and Declarant shall pay each month an amount equal to the remaining balance of the Common Expenses of the Project.

9.3 Special Assessments. In addition to the regular assessments authorized by Sections 9.1 and 9.2 above, the Association may levy, at any time and from time to time, upon affirmative vote of at least fifty-one percent (51%) of the Total Votes of the Association, special assessments, payable over such periods of time as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the Common Areas or any part thereof, or for any other expenses incurred or to be incurred as provided in this Declaration. This Section shall not be construed as an independent source of authority for the Association to incur expenses, but shall be construed to prescribe the manner of assessing for expenses authorized by other Sections or Articles hereof. Any amounts assessed pursuant hereto shall be apportioned equally among and assessed equally to all Lots. Notice in writing of the amount of such special assessments and the

time for payment thereof shall be given promptly to the Owners. No payment shall be due less than thirty (30) days after such notice shall have been mailed. All unpaid portions of any special assessment shall bear interest at the rate of one and one-half percent (1½%) per month from the date such portions become due until paid.

9.4 Lien for Assessments. All sums assessed to the Owner of any Lot within the Project pursuant to the provisions of this Article IX, together with interest thereon as provided herein, shall be secured by a lien on such Lot in favor of the Association. To evidence a lien for sums assessed pursuant to this Article IX, the Association may prepare a written notice of lien setting forth the amount of the Assessment, the date due, the amount remaining unpaid, the name of the Owner of the Lot, and a description of the Lot. Each Owner shall be deemed to have consented to the filing of a notice of lien against such Owner's Lot. Such notice shall be signed and acknowledged by a duly authorized officer of the Association and may be recorded in the office of the Salt Lake County Recorder. No notice of lien shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by judicial foreclosure by the Association in the same manner in which mortgages on real property may be foreclosed in the State of Utah. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding, including reasonable attorneys' fees, and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any assessments against the Lot which shall become due during the period of foreclosure. The Association shall have the right and power to bid in at any foreclosure sale, and to own, lease, mortgage or convey the subject Lot.

9.5 Personal Obligation of Owner. The amount of any regular or special assessment against any Lot shall be the personal obligation of the Owner of such Lot to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any such personal obligation by waiver of the use and enjoyment of any of the Common Areas or by abandonment of his Lot, or by waiving any services or amenities. In the event of any suit to recover a money judgment for unpaid assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Association in connection therewith, including reasonable attorney's fees.

9.6 Statement of Account. Upon written request of any Owner, Mortgagee, prospective Mortgagee, or prospective purchaser of a Lot and payment of any reasonable fee assessed, the Association shall issue a written statement setting forth the following: (a) the amount of the unpaid assessments, if any, with respect to such Lot, and (b) the amount of the current regular assessment with respect to such Lot and the date such assessment becomes or became due. Such statement shall be conclusive upon the Association in favor of persons who rely thereon in good faith.

9.7 Personal Liability of a Purchaser. A purchaser of a Lot shall be jointly and severally liable with the seller thereof for all unpaid assessments against such Lot up to the time of the grant of conveyance; provided, however, that the provisions of this Section shall not prejudice the purchaser's right to recovery from the seller of the amount of such assessments paid by the purchaser for such assessments.

9.8 Assessments Part of Common Expense Fund. All funds received from assessments under this Article IX shall be a part of the Common Expense Fund.

9.9 Amendment of Article. Except as may be necessary to conform to the law, as it may be amended from time to time, this Article IX shall not be amended unless the Owners of all Lots in the Project unanimously consent and agree to such amendment by a duly recorded instrument.

## ARTICLE X INSURANCE

10.1 Types of Insurance. The Association shall obtain and keep in full force and effect at all times the following types of insurance coverage, provided by companies licensed to do business in the State of Utah:

(a) Fire and Casualty Insurance. A policy or policies of insurance on the Common Areas of the Project in such amounts as shall provide for replacement thereof in the event of damage or destruction from casualty against which such insurance is customarily maintained by other projects similar in construction, design, and use. Such insurance shall include fire and extended coverage, vandalism and malicious mischief, and such other risks and hazards against which the Association shall deem it appropriate to provide insurance protection as to the Common Areas. The Association may comply with the above requirements by the purchase of blanket coverage and may elect such "deductible" provisions as in the Association's opinion are consistent with good business practice.

(b) Public Liability and Property Damage Insurance. The Association shall obtain a broad form of comprehensive public liability insurance coverage for the Project, in such amounts and in such forms as it deems advisable to provide adequate protection against liability for personal injury, death and property damage. Coverage shall include without limitation, liability for operation of automobiles on behalf of the Association and all activities in connection with the ownership, operation, maintenance, and other use of the Project.

(c) Workers' Compensation Insurance. Workers' compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association, if any, in the amounts and in the forms now or hereafter required by law.

(d) Fidelity Insurance or Bond. Fidelity insurance or a bond in such amounts and in such forms as the Association deems appropriate to cover against dishonesty of employees or the Manager, destruction or disappearance of money or securities, and forgery.

10.2 Form of Insurance. Insurance coverage on the Project, insofar as possible, shall be in the following form:

(a) Casualty and Flood Hazard Insurance. Casualty and hazard insurance in a form or forms naming the Association as the insured, as trustee for the Owners and for Declarant, whether or not Declarant is an Owner, and which policy or policies shall specify the interest of each Owner (Owner's name and Lot number), and shall contain a standard, noncontributory mortgagee clause in favor of each Mortgagee which from time to time shall give

notice to the Association of its Mortgage. The Association shall furnish to each Owner, and to each Mortgagee requesting in writing the same, a certificate of coverage, including an identification of the Owner's interest.

(b) Public Liability and Property Damage Insurance. Public liability and property damage insurance which names the Association as the insured, as trustee for each Owner, for the Manager, if any, and for Declarant, whether or not Declarant is an Owner, and which protects each Owner, the Manager, if any, and Declarant against liability for acts or omissions of any of them in connection with the ownership, operation, maintenance, or other use of the Project.

10.3 Additional Coverage. The provisions of this Declaration shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage in addition to any insurance coverage required by this Declaration in such amounts and in such forms as the Association may from time to time deem appropriate.

10.4 Adjustment and Contribution. Exclusive authority to adjust losses under the insurance policies hereafter in force on the Project shall be vested in the Association. In no event shall the insurance coverage obtained and maintained by the Association hereunder be brought into contribution with insurance purchased by individual Owners or their Mortgagees.

10.5 Insurance Carried by Owners. Each Owner is responsible for and may obtain insurance, at his own election and expense, providing coverage upon his Lot, and all improvements and personal property located thereon, and for general liability coverage, including without limitation, coverage for personal injury, property damage, and such other risks as each Owner may deem appropriate; provided that if the insurer under said policy is the insurer under any policy issued pursuant to Section 10.1 through 10.3 above, then any insurance policy obtained by an Owner shall provide that it does not diminish the insurance carrier's coverage for liability arising under any of the insurance policies obtained by the Association pursuant to this Article. The Association shall have no obligation or responsibility to carry insurance on the Lots, or any improvements located on the Lots.

10.6 Review of Insurance. The Association shall review annually the coverage and policy limits of all insurance on the Project and shall adjust the same at its discretion. Such annual review may include an appraisal of the improvements in the Project by a representative of the insurance carrier or carriers providing the policy or policies on the Project, or such other qualified appraisers as the Association may select.

## ARTICLE XI DAMAGE OR DESTRUCTION

11.1 Association as Attorney in Fact. All of the Owners irrevocably constitute and appoint the Association their true and lawful attorney in fact in their name, place and stead for the purpose of dealing with the Common Areas of the Project upon their damage or destruction as hereinafter provided. Acceptance by any grantee of a deed from Declarant or any Owner shall constitute an appointment by said grantee of the Association as his attorney in fact as herein provided. As attorney in fact, the Association shall have full and complete authorization, right,



and power to make, execute, and deliver any contract, deed or other instrument with respect to the interest of an Owner in the Common Areas which may be necessary or appropriate to execute the powers herein granted.

11.2 Total Destruction. If damage or destruction occurs in or to the Project that is so extensive that every Owner of every Lot in the Project votes to not rebuild, repair or reconstruct the Common Areas damaged or destroyed, then in such event and upon written agreement of every Owner, this Declaration shall be terminated, and each Owner shall own his Lot, and all Owners together shall own all Common Areas as tenants in common, and there shall be no obligation to repair or reconstruct the damaged portions of the Common Areas. Upon the dissolution of the Project as herein provided, a notice of such shall be filed with the Salt Lake County Recorder, and upon filing of such notice, the following shall occur:

(a) The Common Areas shall be deemed to be owned in common by the Owners as tenants in common on an equal, undivided basis;

(b) Any liens affecting any of the Lots shall remain a lien on their respective Lots, but also shall be deemed to be transferred, in accordance with the existing priorities, to the undivided interest of the respective Owner in the Common Areas;

(c) If a majority of the Total Votes of the Association so elects within ninety (90) days after the damage has occurred, and if allowed by the applicable governmental authorities, the Common Areas shall be dedicated as public roads in accordance with applicable statutes and ordinances, and all Owners shall join in such dedication; and

(d) If the option described in Section 11.2(c) above is not elected, the Common Areas shall be subject to an action for partition at the suit of any Owner, in which event the net proceeds of any sale resulting from such suit for partition, together with the net proceeds of the insurance on the Project, if any, shall be considered as one fund and shall be divided equally among all of the Owners, after first paying out of the respective share of each Owner, to the extent sufficient for such purpose, all liens on the undivided interest in the Project owned by such Owner.

11.3 Partial Destruction. As long as any one Owner of any Lot so elects, upon the damage or destruction of any portion of the Common Areas, the Association shall proceed to repair and reconstruct the Common Areas. The Association shall use insurance proceeds from the insurance it is obligated to carry to accomplish such repair and reconstruction. In the event insurance proceeds are insufficient to accomplish the repair and reconstruction as required herein, then the Association shall levy a special assessment against all Owners pursuant to the provisions of Article IX above to collect funds necessary to accomplish such repairs and reconstruction.

11.4 Repair or Reconstruction. As soon as practicable after receiving estimates on the cost of repair or reconstruction, the Association shall, if repair or restoration is to occur, diligently pursue to completion the repair or reconstruction of that part of the Common Areas damaged or destroyed. The Association may take all necessary or appropriate action to effect

repair or reconstruction, as attorney in fact for the Owners, and no consent or other action by any Owner shall be necessary in connection therewith.

11.5 Disbursement of Funds for Repair or Reconstruction. If repair or reconstruction is to occur, then the insurance proceeds held by the Association and any amounts received from assessments shall constitute a fund for the payment of the costs of such repair and reconstruction. It shall be deemed that the first monies disbursed in payment for the costs of such repair or reconstruction shall be made from insurance proceeds; if there is a balance after payment of all of the costs of such repair or reconstruction, such balance shall be distributed equally to the Owners.

## ARTICLE XII CONDEMNATION

12.1 Condemnation. If at any time or times all or any part of the Common Areas shall be taken or condemned by any public authority under power of eminent domain, the provisions of this Article shall apply. A voluntary sale or conveyance of all or any part of the Common Areas in lieu of condemnation, but under threat of condemnation, shall be deemed to be taken by power of eminent domain.

12.2 Proceeds. All compensation, damages, and other proceeds from any such taking by power of eminent domain shall be allocated among and distributed to the Owners in proportion to and based on the number of Lots in the Project. Such distribution shall be made by check payable jointly to the respective Owners and their respective Mortgagees, as appropriate.

## ARTICLE XIII COMPLIANCE WITH DECLARATION AND BYLAWS

13.1 Compliance. Each Owner shall comply with the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association, rules and regulations promulgated by the Association, and the decisions and resolutions of the Association adopted pursuant thereto, as the same may be lawfully amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due and for damages or injunctive relief or both, maintainable by the Association or by an aggrieved Owner.

13.2 Enforcement and Remedies. The obligations, provisions, covenants, restrictions and conditions contained in this Declaration, or in any supplemental or amended Declaration, enforceable against the Association, shall be enforceable by Declarant or by any Owner of a Lot, by a proceeding for a prohibitive or mandatory injunction. The obligations, provisions, covenants, restrictions and conditions contained in this Declaration, or in any supplemental or amended Declaration, enforceable against an Owner or any other person, shall be enforceable by Declarant or the Association by a proceeding for a prohibitive or mandatory injunction or by a suit or action to recover damages or to recover any amount due or unpaid.

ARTICLE XIV  
DECLARANT'S SALES PROGRAM

14.1 Declarant's Right to Promote and Sell the Project. Notwithstanding any other provisions of this Declaration, until Declarant ceases to be an Owner ("Occurrence"), Declarant, its successors or assigns shall have the following rights in furtherance of any sales, promotional or other activities designed to accomplish or facilitate the sale of Lots owned by Declarant:

(a) Sales Offices and Model Lots. Declarant, its successors and assigns, shall have the right to maintain sales offices and model homes on Lots. Sales offices may be located on any Lot (at any location) owned by Declarant or may be located on any of the Common Areas of the Project. Declarant shall have the right to maintain any number of model homes it may desire using the Lots Declarant owns.

(b) Promotional Devices. Declarant, its successors and assigns, shall have the right to maintain a reasonable number of promotional, advertising and/or directional signs, banners and similar devices at any place or places on the Common Areas or Lots owned by Declarant, but any such devices shall be of sizes and in locations as are reasonable and customary.

(c) Right to Use the Common Areas. Declarant shall have the right to use the Common Areas of the Project to entertain prospective purchasers or to otherwise facilitate Lot sales, provided said use is reasonable as to both time and manner.

14.2 Declarant's Rights to Relocate Sales and Promotional Activities. Declarant shall have the right from time to time to locate or relocate its sales offices, model homes and signs, banners and similar devices, but in connection with each such location or relocation Declarant shall observe the limitations imposed by the preceding portions of this Article. Within a reasonable period of time after the happening of the Occurrence, Declarant shall have the right to remove from the Project any sales structures, fixtures, improvements, signs, banners and similar sales materials and properties.

14.3 Limitation on Improvements by Association During Sales Program. Prior to the Occurrence, the Association shall not, without the written consent of Declarant, make any improvement to or alteration in any of the Common Areas, other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Areas as they existed when initially constructed.

ARTICLE XV  
MORTGAGEE PROTECTION

15.1 Mortgage Protection. No breach of any of the covenants, conditions, restrictions, and limitations contained herein shall defeat or render invalid the lien of any Mortgage made in good faith and for value; provided, however, that all such covenants, conditions, restrictions and limitations contained herein shall be binding upon an Owner whose title is derived through foreclosure or trustee's sale.

15.2 Priority of Liens. No enforcement of any lien provision herein contained shall defeat or render invalid the lien of any Mortgage. All sums assessed in accordance with the provisions herein shall constitute a lien on each respective Lot prior and superior to all other liens except (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto; and (2) the lien or charge of any recorded Mortgage on such Lot made in good faith and for value and recorded prior to the date on which any such assessment or assessments become due.

15.3 Prior Liens Relate Only to Individual Lots. All taxes, assessments and charges which may become liens prior to the first Mortgage under local law shall relate only to the individual Lot and not to the Project as a whole.

15.4 Mortgage Holder Rights in Event of Foreclosure. Any Mortgagee of a Mortgage of record which obtains title to a Lot by the foreclosure of the Mortgage on the Lot or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Lot free of any claims for unpaid assessments and charges against the Lot which accrued prior to the date of the acquisition of title to such Lot by such acquirer. Any unpaid assessments shall be deemed to be Common Expenses collectible from all of the Lots in the Project, including the Lot that has been acquired in accordance with the provisions of this Section.

15.5 Amendment. No provision of this Article XV shall be amended without the prior written consent of at least two-thirds of all first Mortgagees as appear on the official records of Salt Lake County, Utah, as of the date of such amendment.

## ARTICLE XVI GENERAL PROVISIONS

16.1 Intent and Purpose. The provisions of this Declaration and any supplemental or amended Declaration shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of a planned unit development project. Failure to enforce any provision, restriction, covenant, or condition in this Declaration, or in any supplemental or amended Declaration, shall not operate as a waiver of any such provision, restriction, covenant, or condition or of any other provisions, restrictions, covenants, or conditions.

16.2 Construction. The provisions of this Declaration shall be in addition and supplemental to all applicable provisions of law. Wherever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders. The Article and Section headings set forth herein are for convenience and reference only and are not intended to describe, interpret, define or otherwise affect the context, meaning, or intent of this Declaration or any Article, section or provision hereof. The provisions hereof shall be deemed independent and severable and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof.

16.3 Registration of Mailing Address. Upon the sale of any lot, the Owner of such Lot shall register from time to time with the Association his current mailing address. All notices or

demands intended to be served upon any Owner may be sent by first class U.S. mail, postage prepaid, addressed to the Owner at his registered mailing address, or, if no address has been registered, to the Lot of such Owner. All notice or demands intended to be served upon the Association may be sent by first class U.S. registered or certified mail, postage prepaid, addressed to the Association at the address of its offices as may be furnished to the Owners in writing from time to time. Any notice or demand referred to in this Declaration shall be deemed given three days after deposited in the U.S. mail, postage prepaid, and in the form provided for in this Section.

16.4 Audit. Any Owner may at any reasonable time, upon appointment and at his own expense, cause an audit or inspection to be made of the books and records maintained by the Association.

16.5 Amendment. Except as otherwise provided herein, this Declaration may be amended if Owners holding at least fifty-one percent (51%) of the Total Votes of the Association consent and agree to such amendment at a meeting of the Owners duly held in accordance with the provisions of the Articles, Bylaws, and this Declaration, which properly approved amendments shall be evidenced by instruments which are duly recorded in the office of the County Recorder for Salt Lake County, State of Utah.

16.6 Effective Date. This Declaration shall take effect upon recording.

16.7 Agent for Service. The person to receive service of process for the Association shall be the then current registered agent of the Association as shown on the records maintained in the office of the Division of Corporations and Commercial Code of the State of Utah.

16.8 Limitation on Association's Liability. The Association shall not be liable for any failure of water service or other utility service to be obtained and paid for by the Association hereunder, or for injury or damage to any person or property caused by the elements or by another Owner or person in the Project, or resulting from electricity, water, rain, snow or ice. No diminution or abatement of any assessments under this Declaration shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs, maintenance or improvements to the Project or any part thereof, or from any action taken to comply with any law, ordinance or order of a governmental authority.

16.9 Owner's Obligations. All obligations of an Owner under and by virtue of the provisions contained in this Declaration shall continue, notwithstanding that he may be leasing, renting, or selling on contract his Lot. The Owner of a Lot shall have no obligation for expenses or other obligations accruing after he conveys title to such Lot.

16.10 City Access. Salt Lake City and any other governmental or quasi-governmental body having jurisdiction over the Project shall have a right of access and rights of ingress and egress over and across any street, parking area, walkway, or open area contained with the Common Areas for the purpose of providing police and fire protection, providing emergency medical services, transporting school children, and providing any other governmental or municipal service.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration the day and year first above written.

**DECLARANT:**

ALLIANCE DEVELOPMENT INC.,  
a Utah corporation

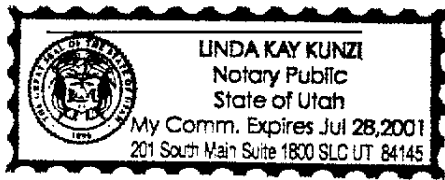
By:  \_\_\_\_\_  
Sid Haycock, President

STATE OF UTAH )  
 )  
 ) : ss.  
 )  
COUNTY OF SALT LAKE )

The foregoing document was acknowledged before me this 4th day of January, 2001, by Sid Haycock, the President of Alliance Development Inc., a Utah corporation.

*Linda Kay Kunzi*  
\_\_\_\_\_  
NOTARY PUBLIC  
Residing at: Salt Lake City, UT

My Commission Expires:



**EXHIBIT A  
TO  
DECLARATION  
OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
RIVERSIDE COURT TOWNHOMES**

---

(Description of Land)

A Parcel of Land located in Salt Lake County, State of Utah, described as follows:

BEGINNING at a point 66.00 feet (4 rods) South of the Northwest Corner of Lot 2, Block 6, JORDAN PLAT "A", also being South 00°11'45" West, 885.18 feet and East 18.26 feet from Salt Lake County Monument #8338 and running thence South 89°59'53" East 198.00 feet; thence South 00°14'35" West 90.00 feet; thence South 89°59'53" West 198.00 feet; thence North 00°14'35" East 90.00 feet to the point of BEGINNING

Containing approximately 17,818.54 square feet or 0.409 acres.

Tax ID No. 08-34-202-010



**EXHIBIT B  
TO  
DECLARATION  
OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
RIVERSIDE COURT TOWNHOMES**

---

**(BYLAWS)**

**BYLAWS  
OF  
RIVERSIDE COURT TOWNHOMES OWNERS ASSOCIATION, INC.**

**ARTICLE I  
OFFICES**

The Riverside Court Townhomes Owners Association, Inc. (the "Association") may have such other offices, within the State of Utah, as the Board of Trustees may designate or as the business of the Association may require from time to time.

**ARTICLE II  
DEFINITIONS**

Except as otherwise provided herein or as otherwise required by the context, all terms defined in the Declaration of Covenants, Conditions and Restrictions for Riverside Court Townhomes, a planned residential unit development subdivision ("Declaration"), shall have such defined meanings when used in these Bylaws.

**ARTICLE III  
MEMBERS**

Section 1. Annual Meetings. The annual meeting of members of the Association shall be held on the second Saturday in March of each year at the hour of 10:00 o'clock a.m., beginning with the year following the year in which the Articles of Incorporation are filed, for the purpose of electing Trustees (if the members then have responsibility for so doing) and transacting such other business as may come before the meeting. If the election of Trustees shall not be held on the day designated herein for the annual meeting of the members, or at any adjournment thereof, the Board of Trustees shall cause the election to be held at a special meeting of the members to be convened as soon thereafter as may be convenient. The Board of Trustees may from time to time by resolution change the date and time for the annual meeting of the members.

Section 2. Special Meetings. Special meetings of the members for any purpose or purposes, unless otherwise prescribed by statute, may be called from time to time by the Board of Trustees or by the president, and shall be immediately called by the president upon the written request of members holding not less than twenty percent (20%) of the total votes of the Association, such written request to state the purpose or purposes of the meeting and to be delivered to the Board of Trustees or the president. In case of failure to call such meeting within twenty (20) days after such request, such members may call the same.

Section 3. Place of Meetings. The Board of Trustees may designate any place in Salt Lake County, State of Utah, as the place of meeting for any annual meeting or for any special meeting called by the Board of Trustees. A waiver of notice signed by all of the members may designate any place, within the State of Utah, as the place for holding such meeting.

Section 4. Notice of Meetings. The Board of Trustees shall cause written or printed notice of the time, place, and purpose of all meetings of the members, whether annual or special, to be delivered, not more than fifty (50) nor less than ten (10) days prior to the meeting, to each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to have been delivered when deposited in the U.S. mail addressed to the member at his registered address, with first class postage thereon prepaid. Each member shall register with the Association such member's current mailing address for purposes of notice hereunder. Such registered address may be changed from time to time by notice in writing to the Association. If no address is registered with the Association, the member's Lot address shall be deemed to be his registered address for purposes of notice hereunder.

Section 5. Fixing of Record Date. Upon purchasing a Lot in the Project, each Owner shall promptly furnish to the Association a certified copy of the recorded instrument by which

ownership of such Lot has been vested in such Owner, which copy shall be maintained in the records of the Association. For the purpose of determining members entitled to notice of or to vote at any meeting of the members, or any adjournment thereof, the Board of Trustees may designate a record date, which shall not be more than fifty (50) nor less than ten (10) days prior to the meeting. If no record date is designated, the date on which notice of the meeting is mailed shall be deemed to be the record date for determining members entitled to notice of or to vote at the meeting. The persons or entities appearing in the records of the Association on such record date as the Owners of record of Lots in the Project shall be deemed to be the members of record entitled to notice of and to vote at the meeting of the members and any adjournments thereof.

Section 6. Quorum. At any meeting of the members, the presence of members holding, or holders of proxies entitled to cast, more than fifty percent (50%) of the Total Votes of the Association shall constitute a quorum for the transaction of business. In the event a quorum is not present at a meeting, the members present (whether represented in person or by proxy), though less than a quorum, may adjourn the meeting to a later date. Notice thereof shall be delivered to the members as provided above. At the reconvened meeting, the members and proxy holders present shall constitute a quorum for the transaction of business.

Section 7. Proxies. At each meeting of the members, each member entitled to vote shall be entitled to vote in person or by proxy; provided, however, that the right to vote by proxy shall exist only where the instrument authorizing such proxy to act shall have been executed by the member himself or by his attorney thereunto duly authorized in writing. If a membership is jointly held, the instrument authorizing a proxy to act must have been executed by all holders of such membership or their attorneys thereunto duly authorized in writing. Such instrument authorizing a proxy to act shall be delivered at the beginning of the meeting to the secretary of

the Association or to such other officer or person who may be acting as secretary of the meeting. The secretary of the meeting shall enter a record of all such proxies in the minutes of the meeting.

Section 8. Votes. With respect to each matter, other than the election of Trustees, submitted to a vote of the members, each member entitled to vote at the meeting shall have the right to cast, in person or by proxy, the number of votes appertaining to the Lot of such member, as shown in the Declaration. The affirmative vote of a majority of the votes entitled to be cast by the members present or represented by proxy at a meeting at which a quorum was initially present shall be necessary for the adoption of any matter voted on by the members, unless a greater proportion is required by the Articles of Incorporation, these Bylaws, the Declaration, or Utah law.

Section 9. Waiver of Irregularities. All inaccuracies and irregularities in calls or notices of meetings and in the manner of voting, form of proxies, and method of ascertaining members present shall be deemed waived if no objection thereto is made at the meeting.

Section 10. Informal Action by Members. Any action that is required or permitted to be taken at a meeting of the members may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

#### **ARTICLE IV BOARD OF TRUSTEES**

Section 1. General Powers. The property, affairs, and business of the Association shall be managed by the Board of Trustees. The Board of Trustees may exercise all of the powers of the Association, whether derived from law, the Articles of Incorporation, these Bylaws, or the Declaration, except those powers which are by law or by the foregoing documents vested solely

in the members. The Board of Trustees shall, among other things, prepare or cause to be prepared, plan and adopt an estimated annual budget for the estimated annual common expenses, provide the manner of assessing and collecting assessments, and keep or cause to be kept sufficient books and records with a detailed account of the receipts and expenditures affecting the Project and its administration, and specifying the maintenance and repair expenses of the Common Areas. The books and records shall be available for examination by all members at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good accounting procedures and shall be audited at least once a year by an auditor outside of the organization, as required by the Declaration. The Board of Trustees may by written contract delegate, in whole or in part, to a professional management organization or person such of its duties, responsibilities, functions, and powers as are properly delegable.

Section 2. Initial Board of Trustees. The initial Board of Trustees shall be composed of three (3) Trustees. The initial Trustees, and any replacements, shall be duly appointed by Declarant, and shall serve until the first meeting of the members held after the members obtain the responsibility for electing Trustees, and until their successors are duly elected and qualified. The Trustees and any replacements duly appointed by the Declarant, are required to be residents of the State of Utah, and the Trustees elected by the members must be members of the Association.

Section 3. Permanent Board of Trustees. After the Declarant turns over to the members responsibility for electing Trustees, the Board of Trustees shall be composed of three (3) Trustees but can be increased up to as many as five (5) members upon the majority vote of the

existing Board of Trustees or the majority vote of the Owners at a duly called meeting of the Owners.

Section 4. Regular Meetings. The regular annual meeting of the Board of Trustees shall be held without other notice than this bylaw, and at the same place as, the annual meeting of the members. The Board of Trustees may provide by resolution the time and place, within Salt Lake County, State of Utah, for the holding of additional regular meetings without other notice than such resolution.

Section 5. Special Meetings. Special meetings of the Board of Trustees may be called by or at the request of any of the Trustees. The person or persons authorized to call special meetings of the Board of Trustees may fix any place, within Salt Lake County, State of Utah, as the place for holding any special meeting of the Board of Trustees called by such person or persons. Notice of any special meeting shall be given at least five (5) days prior thereto by written notice delivered personally, or mailed to each Trustee at his registered address, or by telegram. If mailed, such notice shall be deemed to have been delivered when deposited in the U.S. mail so addressed, with first class postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to have been delivered when the telegram is delivered to the telegraph company. Any Trustee may waive notice of a meeting. The attendance of a Trustee at a meeting shall constitute a waiver of notice of such meeting, except where a Trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 6. Quorum and Manner of Acting. A majority of the then authorized number of Trustees shall constitute a quorum for the transaction of business at any meeting of the Board of Trustees. Except as otherwise required in these Bylaws, the Articles of Incorporation, or the

BK8421PG9018

Declaration, the act of a majority of the Trustees present at any meeting at which a quorum is present shall be the act of the Board of Trustees. The Trustees shall act only as a Board, and individual Trustees shall have no powers as such.

Section 7. Compensation. No Trustee shall receive compensation for any services that he may render to the Association as a Trustee; provided, however, that a Trustee may be reimbursed for expenses incurred in performance of his duties as a Trustee to the extent such expenses are approved by the Board of Trustees and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association other than in his capacity as a Trustee.

Section 8. Resignation and Removal. A Trustee may resign at any time by delivering a written resignation to either the president or the Board of Trustees. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any Trustee (other than a Trustee appointed by the Declarant) may be removed at any time, for or without cause, by the affirmative vote of the Owners holding more than fifty percent (50%) of the total number of votes appurtenant to all Lots in the Project, at a special meeting of the members duly called for such purpose.

Section 9. Vacancies. If vacancies shall occur in the Board of Trustees by reason of the death, resignation, or disqualification of a Trustee (other than a Trustee appointed by the Declarant), or if the authorized number of Trustees shall be increased, the Trustees then in office shall continue to act, and such vacancies or newly created trusteeships shall be filled by a vote of the Trustees then in office, though less than a quorum, in any way approved by such Trustees at the meeting. Any vacancy in the Board of Trustees occurring by reason of removal of a Trustee by the members may be filled by election at the meeting at which such Trustee is removed. If



vacancies shall occur in the Board of Trustees by reason of death, resignation, or removal of a Trustee appointed by the Declarant, such vacancies shall be filled by appointments to be made by the Declarant. Any Trustee elected or appointed hereunder to fill a vacancy shall serve for the unexpired term of his predecessor or for the term of the newly created trusteeship, as the case may be.

Section 10. Informal Action by Trustees. Any action that is required or permitted to be taken at a meeting of the Board of Trustees, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Trustees.

Section 11. Amendments. The provisions of this Article may not be amended, modified, or repealed, unless such amendment, modification, or repeal is approved by the affirmative vote of Owners holding more than fifty percent (50%) of the Total Votes of the Association.

## **ARTICLE V OFFICERS**

Section 1. Officers. The officers of the Association shall be a president and a secretary, and such other officers as may from time to time be appointed by the Board of Trustees.

Section 2. Election, Tenure, and Qualifications. The officers of the Association shall be chosen by the Board of Trustees annually at the regular annual meeting of the Board of Trustees. In the event of failure to choose officers at such regular annual meeting of the Board of Trustees, officers may be chosen at any regular or special meeting of the Board of Trustees. Each such officer (whether chosen at a regular annual meeting of the Board of Trustees or otherwise) shall hold his office until the next ensuing regular annual meeting of the Board of Trustees and until his successor shall have been chosen and qualified, or until his death, or until his resignation, disqualification, or removal in the manner provided in these Bylaws, whichever first occurs. Any one person may hold any two or more of such offices; provided, however, that the president

may not also be the secretary. No person holding two or more offices shall act in or execute any instrument in the capacity of more than one office.

Section 3. Subordinate Officers. The Board of Trustees may from time to time appoint such other officers or agents as it may deem advisable, each of whom shall have such title, hold office for such period, have such authority, and perform such duties as the Board of Trustee may from time to time determine. The Board of Trustees may from time to time delegate to any officer or agent the power to appoint any such subordinate officers or agents and to prescribe their respective titles, terms of office, authorities, and duties. Subordinate offices need not be Trustees or members of the Association.

Section 4. Removal. Any officer may resign at any time by delivering a written resignation to the president or to the Board of Trustees. Any officer or agent may be removed by the Board of Trustees whenever in its judgment the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 5. Vacancies. If any vacancy shall occur in any office by reason of death, resignation, removal, disqualification, or any other cause, or if a new office shall be created, such vacancies or newly created offices may be filled by the Board of Trustees at any regular or special meeting.

Section 6. President. The president shall be the principal executive officer of the Association and, subject to the control of the Board of Trustees, shall in general supervise and control all of the business and affairs of the Association. He shall, when present, preside at all meetings of the members and of the Board of Trustees. He may sign, with the secretary or any

other proper officer of the Association thereunto authorized by the Board of Trustees, any deeds, mortgages, bonds, contracts or other instruments which the Board of Trustees has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Trustees or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Trustees from time to time.

Section 7. Secretary. The secretary shall (a) keep the minutes of the Association and of the Board of Trustees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records of the Association; and (d) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the Board of Trustees.

Section 8. Treasurer. The treasurer, if appointed, shall: (a) have charge and custody of and be responsible for all funds of the Association; (b) receive and give receipt for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, trust companies or other depositories as shall be determined by the Board of Trustees; and (c) in general perform all of the duties incident to the office of the treasurer and such other duties as from time to time may be assigned to him by the president or by the Board of Trustees.

Section 9. Assistant Secretaries and Assistant Treasurers. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or the treasurer, respectively, or by the president or the Board of Trustees.

Section 10. Compensation. No officer shall receive compensation for any services that he may render to the Association as an officer; provided, however, that an officer may be reimbursed for expenses incurred in performance of his duties as an officer to the extent such expenses are approved by the Board of Trustees and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association other than in his capacity as an officer.

## **ARTICLE VI COMMITTEES**

Section 1. Designation of Committees. The Board of Trustees may from time to time by resolution designate such committees as it may deem appropriate in carrying out its duties, responsibilities, functions, and powers. No committee member shall receive compensation for services that he may render to the Association as a committee member; provided, however, that a committee member may be reimbursed for expenses incurred in performance of his duties as a committee member to the extent that such expenses are approved by the Board of Trustees and (except as otherwise provided in these Bylaws) may be compensated for services rendered to the Association other than in his capacity as a committee member.

Section 2. Proceedings of Committees. Each committee designated hereunder by the Board of Trustees may appoint its own presiding and recording officers and may meet at such places and times and upon such notice as such committee may from time to time determine. Each such committee shall keep a record of its proceedings and shall regularly report such proceedings to the Board of Trustees.

Section 3. Quorum and Manner of Acting. At each meeting of any committee designated hereunder by the Board of Trustee, the presence of members constituting at least a majority of the authorized membership of such committee (but in no event less than two

members) shall constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of such committee. The members of any committee designated by the Board of Trustee hereunder shall act only as a committee, and the individual members thereof shall have no powers as such.

Section 4. Resignation and Removal. Any member of any committee designated hereunder by the Board of Trustees may resign at any time by delivering a written resignation to the president, the Board of Trustees, or the presiding officer of the committee of which he is a member. Unless otherwise specified therein, such resignation shall take effect upon delivery. The Board of Trustees may at any time, for or without cause, remove any member of any committee.

Section 5. Vacancies. If any vacancy shall occur in any committee designated by the Board of Trustees hereunder, due to disqualification, death, resignation, removal, or otherwise, the remaining members shall, until the filling of such vacancy, constitute the then total authorized membership of the committee and, provided that two or more members are remaining, may continue to act. Such vacancy may be filled at any meeting of the Board of Trustees.

## **ARTICLE VII INDEMNIFICATION**

Section 1. Indemnification--Third-Party Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a Trustee or officer of the Association, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with

such action, suit, or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by an adverse judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association or with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his conduct was unlawful.

Section 2. Indemnification--Association Actions. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Association by reason of the fact that he is or was a Trustee or officer of the Association, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association; provided, however, that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for gross negligence or intentional misconduct in the performance of his duty to the Association, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability and in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. Determination. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Sections 1 or 2 of Article VII hereof, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith. Any other indemnification under Sections 1 or 2 of Article VII hereof shall be made by the Association only upon a determination that indemnification of the person is proper in the circumstances because he has met the applicable standard of conduct set forth respectively in Sections 1 or 2 hereof. Such determination shall be made either (a) by the Board of Trustees by a majority vote of disinterested Trustees or (b) by independent legal counsel in a written opinion, or (c) by the members by the affirmative vote of more than fifty percent (50%) of the total votes of the Association at a meeting duly called for such purpose.

Section 4. Advances. Expenses incurred in defending a civil or criminal action, suit, or proceeding as contemplated in this Article may be paid by the Association in advance of the final disposition of such action, suit, or proceeding upon a majority vote of a quorum of the Board of Trustees and upon receipt of an undertaking by or on behalf of the person to repay such amount or amounts unless it ultimately be determined that he is entitled to be indemnified by the Association as authorized by this article or otherwise.

Section 5. Scope of Indemnification. The indemnification provided for by this article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any provision in the Association's Articles of Incorporation, Bylaws, agreements, vote of disinterested members or Trustees, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. The indemnification authorized by this article shall apply to all present and future Trustees, officers, employees, and agents of the

Association and shall continue as to such persons who cease to be Trustees, officers, employees, or agents of the Association and shall inure to the benefit of the heirs and personal representatives of all such persons and shall be in addition to all other rights to which such persons may be entitled as a matter of law.

Section 6. Insurance. The Association may purchase and maintain insurance on behalf of any person who was or is a Trustee, officer, employee, or agent of the Association, or who was or is serving at the request of the Association as a trustee, director, officer, employee, or agent of another corporation, entity, or enterprise (whether for profit or not for profit), against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the laws of the State of Utah, as the same may hereafter be amended or modified.

Section 7. Payments and Premiums. All indemnification payments made, and all insurance premiums for insurance maintained, pursuant to this article shall constitute expenses of the Association and shall be paid with funds from the Common Expense Fund referred to in the Declaration.

#### **ARTICLE VIII FISCAL YEAR**

This fiscal year of the Association shall begin on the 1st day of January of each year and shall end on the 31st day of December next following; provided, however, that the first fiscal year shall begin on the date of incorporation.

#### **ARTICLE IX RULES AND REGULATIONS**

The Board of Trustees may from time to time adopt, amend, repeal, and enforce reasonable rules and regulations governing the use and operation of the Project; provided,



however, that such rules and regulations shall not be inconsistent with the rights and duties set forth in the Articles of Incorporation, the Declaration, or these Bylaws. The members shall be provided with copies of all rules and regulations adopted by the Board of Trustees, and with copies of all amendments and revisions thereof.

#### **ARTICLE X AMENDMENTS**

Except as otherwise provided by law, the Articles of Incorporation, the Declaration, or these Bylaws, these Bylaws may be amended, modified, or repealed and new bylaws may be made and adopted by the members upon the affirmative vote of more than fifty percent (50%) of the Total Votes of the Association; provided, however, that such action shall not be effective unless and until a written instrument setting forth (a) the amended, modified, repealed, or new bylaw, (b) the number of votes cast in favor of such action, and (c) the total votes of the Association, shall have been executed and verified by the current president of the Association and mailed to each member of the Association.

**EXHIBIT C  
TO  
DECLARATION  
OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
RIVERSIDE COURT TOWNHOMES**

---

| <u>Lot Number</u> | <u>Number of Votes Owner has as a<br/>Member of the Association</u> |
|-------------------|---|
| 1                 | 1   |
| 2                 | 1   |
| 3                 | 1   |
| 4                 | 1   |
| <hr/>             |   |
| TotalVotes        | 4   |

BK8421PG9029